

AMENDED IN SENATE JUNE 23, 1999

AMENDED IN SENATE JUNE 14, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 1453

Introduced by Committee on Insurance (Scott (Chair), Oller (Vice Chair), Calderon, Cox, Floyd, Gallegos, Havice, Keeley, Leonard, and Wayne)

February 26, 1999

An act to amend ~~Section 10089.70 of, and to repeal Section 10089.84 of, Sections 10089.70 and 10089.84 of~~ the Insurance Code, and to amend Section 3 of Chapter 899 of the Statutes of 1995, relating to earthquake insurance, ~~and making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1453, as amended, Committee on Insurance. Earthquake insurance: mediation: retrofit program.

(1) Existing law, until January 1, 2000, requires the Department of Insurance to establish a pilot program for the mediation of the disputes between insured complainants and insurers arising out of the Northridge Earthquake of 1994 or any subsequent earthquake.

This bill would ~~delete~~ *extend* this termination date, ~~thereby extending the mediation program indefinitely until January 1, 2005.~~ *It would require the Insurance Commissioner to*

report to the Governor and the Legislature by August 1, 2004, on whether the pilot program should be extended and on other specified matters.

(2) Existing law, until July 1, 2000, requires the Department of Insurance to provide grants and loans to help pay for the retrofitting of high-risk residential dwellings owned or occupied by low- and moderate-income households. Existing law appropriated \$4,400,000 from the California Residential Earthquake Recovery Fund to the Department of Insurance to fund both the grant and loan program and its administration by the department.

This bill would appropriate an additional \$3,400,000 for the program and its administration and would extend the authorization to expend the moneys appropriated for the program and the existence of the program itself until July 1, 2003.

(3) *This bill would declare that it is to take effect immediately as an urgency statute.*

Vote: ~~majority~~—²/₃. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 10089.70 of the Insurance Code
2 is amended to read:
3 10089.70. The department shall establish a program
4 for the mediation of the disputes between insured
5 complainants and insurers arising out of the Northridge
6 Earthquake of 1994 or any subsequent earthquake. The
7 program shall apply only to personal lines of insurance
8 related to residential coverage. The goal of the program
9 shall be to favorably resolve a statistically significant
10 number of disputes sent to mediation under the program.
11 This chapter does not apply to any dispute that turns on
12 a question of major insurance coverage or a purely legal
13 interpretation, or disputes involving the actions of an
14 agent or broker in which the insurer is not alleged to have
15 been responsible for the conduct, or any complaint the
16 commissioner finds to be frivolous, or any dispute in
17 which a party is alleged to have committed fraud.



1 ~~SEC. 2. Section 10089.84 of the Insurance Code is~~
2 ~~repealed.~~

3 *SEC. 2. Section 10089.84 of the Insurance Code is*
4 *amended to read:*

5 10089.84. This chapter shall remain in effect until
6 January 1, ~~2000~~ 2005, and as of that date is repealed, unless
7 a later enacted statute, which is enacted before January
8 1, ~~2000~~ 2005, deletes or extends that date. Any case
9 referred to mediation by the department prior to January
10 1, ~~2000~~ 2005, shall be mediated under this chapter
11 whether or not the mediation has been completed prior
12 to January 1, ~~2000~~ 2005. No later than August 1, ~~1998~~ 2004,
13 the commissioner shall report to the Governor and the
14 Legislature on whether the pilot program should be
15 extended, expanded, terminated, or otherwise modified
16 and shall include specific findings regarding the use of the
17 program by insureds and insurers.

18 SEC. 3. Section 3 of Chapter 899 of the Statutes of 1995
19 is amended to read:

20 Sec. 3. The sum of four million four hundred thousand
21 dollars (\$4,400,000) is appropriated from the California
22 Residential Earthquake Recovery Fund to the
23 Department of Insurance for the program established
24 pursuant to this act. During the second half of the 1995–96
25 fiscal year, the Department of Insurance may use up to
26 one hundred fifty-nine thousand dollars (\$159,000) for
27 costs of initial implementation and administration of the
28 program. During the 1996–97 and 1997–98 fiscal years, no
29 more than two hundred thousand dollars (\$200,000) per
30 fiscal year may be used by the department to administer
31 this program. Thereafter, no more than two hundred
32 sixty-five thousand dollars (\$265,000) per fiscal year may
33 be used by the department to administer the program.

34 Money appropriated by this section shall be available
35 for expenditure until July 1, 2003. On and after that date,
36 the program established by Chapter 899 of the Statutes of
37 1995 shall no longer be operative.

38 SEC. 4. The sum of three million four hundred
39 thousand dollars (\$3,400,000) is appropriated from the
40 California Residential Earthquake Recovery Fund to the

1 Department of Insurance for the program established
2 pursuant to Chapter 899 of the Statutes of 1995. Money
3 appropriated by this section shall be available for
4 expenditure until July 1, 2003.

5 *SEC. 5. This act is an urgency statute necessary for*
6 *the immediate preservation of the public peace, health,*
7 *or safety within the meaning of Article IV of the*
8 *Constitution and shall go into immediate effect. The facts*
9 *constituting the necessity are:*

10 *In order to facilitate the issuance of grants and loans to*
11 *provide protection to homeowners from earthquake loss*
12 *and injury through retrofitting of homes in areas with a*
13 *high risk of earthquake, and to continue an earthquake*
14 *mediation program, it is necessary that this act take effect*
15 *immediately.*

